



Federal Communications Commission
Washington, D.C. 20554

January 23, 2003

Mr. Gerald Asch
Director – Federal Regulatory
Verizon Communications, Inc.
1300 I Street, N.W.
Suite 400 West
Washington, D.C. 20005

RE: Section 271 Compliance Review Program for Section 271-Approved States in the
Verizon Region

Dear Mr. Asch:

Since passage of the Telecommunications Act of 1996, the Commission has granted Verizon authorization, pursuant to section 271, to provide interLATA services in eleven states within its region – New York, Massachusetts, Connecticut, Pennsylvania, Rhode Island, Vermont, Maine, New Jersey, New Hampshire, Delaware, and Virginia. On July 2, 2002, we sent you a letter regarding the Enforcement Bureau's Section 271 Compliance Review Program for the eight states approved at that time.¹ We now include the three recently approved states -- New Hampshire, Delaware, and Virginia -- in that program.²

The Enforcement Bureau ("the Bureau") will monitor Verizon's continuing compliance with section 271 in each approved state. This program is based on a structured and systematic approach to compliance review and enforcement. The Bureau has assigned a team of auditors, attorneys, and other professional staff from the Investigations and Hearings Division ("Compliance Review Team" or "Team") to work with Verizon through the duration of the review and to monitor Verizon's performance in the states where it has received section 271 approval. The primary team members responsible for this review are Dana Leavitt, Attorney, and Jeff Stover, Auditor, for the former Bell Atlantic North states³; and Raelynn Tibayan Remy, Attorney, and Sherry Herauf, Auditor, for the former Bell Atlantic South states.⁴

¹ See Letter from Maureen F. Del Duca, Deputy Chief, Investigations and Hearings Division, Enforcement Bureau, to Gordon R. Evans, Vice President, Federal Regulatory, Verizon, dated July 2, 2002 ("July 2, 2002 Letter").

² See *Application by Verizon-New England, Inc., et al., for Authorization to Provide In-Region, InterLATA Services in New Hampshire and Delaware*, Memorandum Opinion and Order, FCC 02-262 (rel. Sept. 25, 2002) ("*Verizon New Hampshire/Delaware Order*"); *Application by Verizon Virginia Inc., et al., for Authorization to Provide In-Region, InterLATA Services in Virginia*, Memorandum Opinion and Order, FCC 02-297 (rel. Oct. 30, 2002) ("*Verizon Virginia Order*").

³ Those states include New York, Massachusetts, Connecticut, Rhode Island, Vermont, Maine, and New Hampshire. We note that all of the states in the former Bell Atlantic North region have now received section 271 approval.

⁴ Those jurisdictions include Pennsylvania, New Jersey, Delaware, Maryland, Virginia, West Virginia, and the District of Columbia.

During the review, the Team will closely review Verizon's performance in subject matter areas that the Commission has identified as areas of concern in each section 271 Order. In this regard, we have enclosed with this letter an attachment listing the specific performance measures and other areas about which the Commission expressed concern in its decisions covering New Hampshire, Delaware, and Virginia. Although the Enforcement Bureau will focus its review on these areas, it may also monitor other areas not noted by the Commission in its orders. Generally, the Bureau's review will occur in three phases:

Phase 1: The Phase 1 review will occur during the first six months following the section 271 grant. Following Verizon's receipt of this letter, a representative from the Bureau will contact the company to schedule a planning meeting or conference call with Verizon representatives and the Team overseeing the review. The purpose of this meeting is to provide Verizon with the opportunity to participate in developing the Review Program and to assist the Bureau in determining the type and format of information pertaining to Verizon's performance that the Team will review.

Phase 2: The Phase II review will occur during the second six-month period after the grant. This phase of the review could include the issuance of a request for information directing Verizon to update information submitted previously, or to provide additional information concerning its performance since the Phase I review. The information responsive to such a request will be due at the end of the Phase II review period. As in Phase I, the Team will also continue to monitor Verizon's performance through the carrier-to-carrier reports. The Team will not limit its review in Phase 2 to performance data or information derived from only the second six-month period; rather, when evaluating the need for any further action, the Team will consider all of the post-authorization data and information.

Phase 3: The third phase of the review will begin after Verizon submits information the Team may have required in Phase 2.

At any time during this review, the Team may ask Verizon to provide additional information or to attend meetings or conference calls with Verizon employees who have expertise in specific subject matters. These additional inquiries may supplement existing requests or may encompass new inquiries.

If you have any general questions concerning the issues raised in this letter, please feel free to contact me at (202) 418-1420. You may also contact William Davenport, Assistant Chief, Investigations and Hearings Division, at (202) 418-1034 or Trent Harkrader, Section 271 Compliance Review Program Team Leader, at (202) 418-2955. Thank you in advance for your cooperation.

Mr. Gerald Asch
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Sincerely,

Maureen F. Del Duca
Acting Division Chief
Investigations and Hearings Division
Enforcement Bureau

**New Hampshire
Commission Identified Compliance Review Subjects⁵**

- I. Checklist Item 2: Unbundled Network Elements
 - A. Pricing of Unbundled Network Elements (*See Verizon New Hampshire/Delaware Order* at ¶¶ 34-65)
 - B. Operations Support Systems
 - 1. Order Processing Notifiers (*id.* at ¶¶ 99-101)
 - 2. Flow-through (*id.* at ¶ 102)
 - 3. Billing Accuracy (*id.* at ¶ 103)
- II. Checklist Item 4: Unbundled Local Loops
 - A. High Capacity Loops (*id.* at ¶¶ 112-114)
 - B. Digital Loops (*id.* at ¶¶ 116-117)
 - C. Dark Fiber (*id.* at ¶¶ 118-122)

⁵ The Bureau may monitor for enforcement purposes other subjects or performance indicators not expressly noted by the Commission in the *Verizon New Hampshire/Delaware Order* or this letter.

**Delaware
Commission Identified Compliance Review Subjects⁶**

I. Checklist Item 2: Unbundled Network Elements

A. Pricing of Unbundled Network Elements

1. Switching Rates (See *Verizon New Hampshire/Delaware Order* at ¶¶ 74-80)
2. Loop Rates (*id.* at ¶ 81)
3. Non-Recurring Charges (*id.* at ¶¶ 82-92)

II. Checklist Item 4: Unbundled Local Loops

- A. Voice-Grade Loops (*id.* at ¶¶ 108-110)
- B. Hot Cut Activity (*id.* at ¶ 111)
- C. Digital Loops (*id.* at ¶ 115)

⁶ The Bureau may monitor for enforcement purposes other subjects or performance indicators not expressly noted by the Commission in the *Verizon New Hampshire/Delaware Order* or this letter.

**Virginia
Commission Identified Compliance Review Subjects⁷**

I. Checklist Item 2: Unbundled Network Elements

A. OSS

1. Pre-Ordering – Loop Qualification Information (*See Verizon Virginia Order* at ¶¶ 28-37)
2. Wholesale Billing
 - a. Complete, Accurate and Auditable Carrier Bills (*id* at ¶¶ 41-47)
 - b. Double Billing (*id* at ¶ 48)
 - c. Billing Dispute Resolution (*id* at ¶¶ 49-52)
 - d. Other Billing Issues (*id* at ¶¶ 53-55)
3. Change Management (*id* at ¶¶ 56-58)

B. UNE Combinations (*id* at ¶¶ 59-61)

C. Pricing of Unbundled Network Elements

1. Recurring Loop Rates (*id* at ¶¶ 90-95)
2. Recurring Non-Loop Rates (*id* at ¶¶ 96-121)
3. Non-Recurring Charges (*id* at ¶¶ 122-131)
4. Entrance Facility Rate (*id* at ¶¶ 132-133)

II. Checklist Item 4: Unbundled Local Loops

- A. High Capacity Loops (*id.* at ¶¶ 140-144)
- B. Dark Fiber (*id.* at ¶¶ 145-147)
- C. Voice Grade Loops (*id.* at ¶ 148)
- D. xDSL Loops (*id.* at ¶ 149)
- E. Other Loop Issues (*id.* at ¶ 150)
- F. Line Sharing and Line Splitting (*id.* at ¶ 151)

III. Checklist Item 8: White Pages

- A. Processing Errors (*id.* at ¶¶ 155-166)
- B. Use of Listing Verification Process (*id* at ¶¶ 167-168)
- C. Alpha/Numeric Listing Identifiers (*id* at ¶¶ 169-170)

⁷ The Bureau may monitor for enforcement purposes other subjects or performance indicators not expressly noted by the Commission in the *Verizon Virginia Order* or this letter.